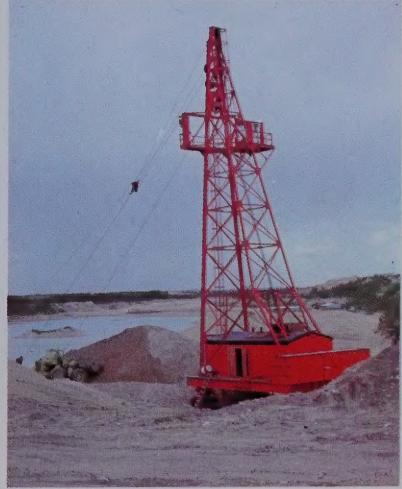
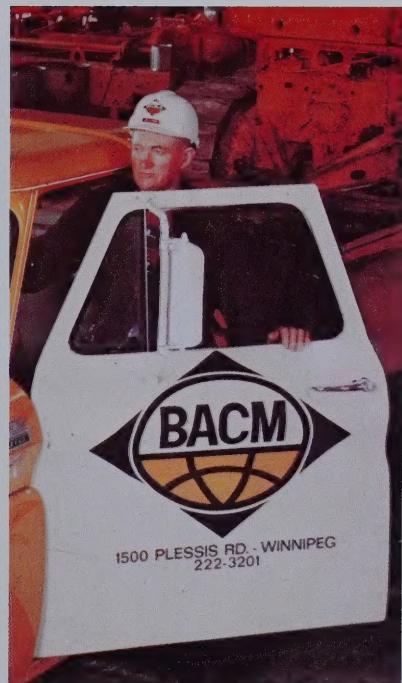
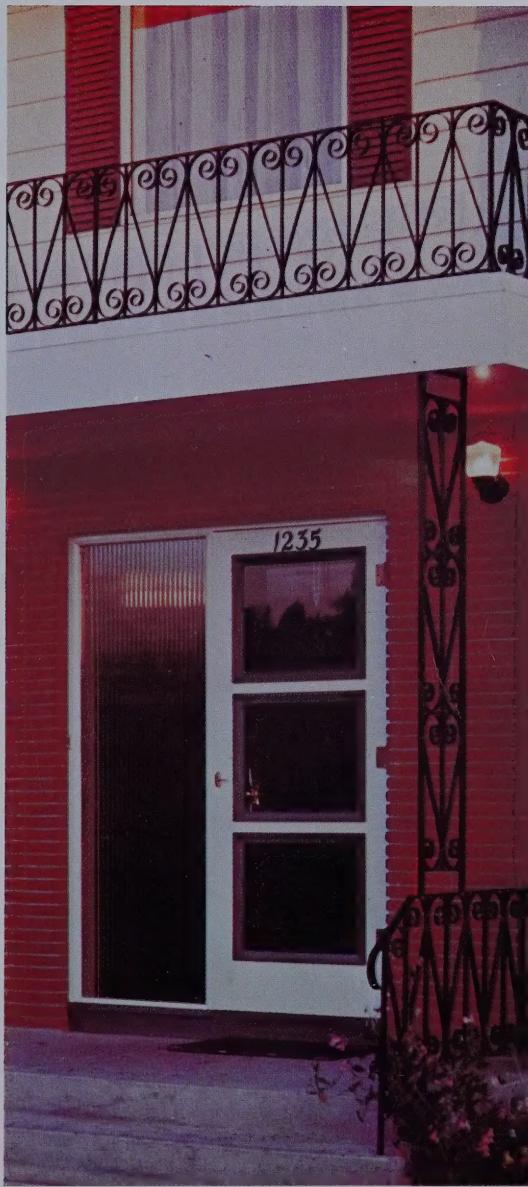


BACM INDUSTRIES LIMITED, ANNUAL REPORT

FOR THE TEN MONTH
PERIOD ENDED DEC. 31,
1968

AR47



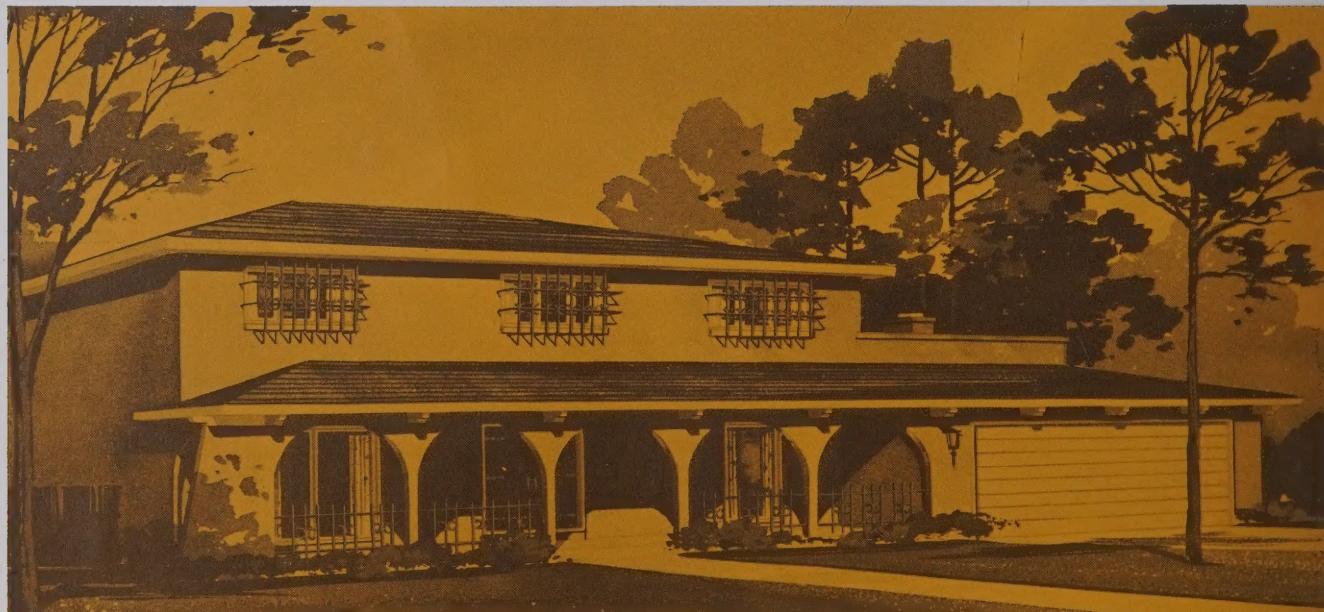
BACM INDUSTRIES LIMITED EIGHTH ANNUAL REPORT

CORPORATE OFFICE: 1500 PLESSIS RD., WINNIPEG 25, CANADA / TEL. (204) 222-3201

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Among the Company's products and services are luxurious homes (top); large precast, prestressed concrete bridge girders (left); quality ready mix concrete.



HIGHLIGHTS AND SUMMARY

FOR THE TEN MONTH PERIOD ENDED DEC. 31, 1968

BACM's sales grew 14% to \$70 million.

Total Operating Revenues and Net Income again reached record highs.

BACM's Building Supply Operations grew substantially by entry into the Alberta market.

Heavy Construction services have been extended through acquisitions in Alberta & British Columbia.

BACM's housing production averaged one hundred single family homes per month.

Plans for the acquisition of a major precast concrete products manufacturer were announced in March, 1969.

	TEN MONTHS ENDED DEC. 31, 1968	TWELVE MONTHS ENDED FEB. 29, 1968	% INCREASE
Net Sales	(\$000's Omitted) \$69,708	\$61,153	14%
Total Operating Revenues	\$70,429	\$61,635	14%
Net Income	\$ 2,711	\$ 1,756	54%
Net Income Per Share	\$ 1.91	\$ 1.61	19%
Return on Net Sales	3.9%	2.9%	34%
Return on Shareholders' Equity	13.8%	12.4%	11%
Working Capital	\$14,173	\$ 9,795	45%

DIRECTORS AND OFFICERS

DIRECTORS

J. L. BODIE
F. C. COPE, Q.C.
E. J. CUYLER
A. A. FRANCK
R. F. JENNINGS
B. T. JOHNSON
D. R. McARTHUR
A. A. MacNAUGHTON
A. L. SIMKIN
I. SIMKIN
S. SIMKIN

OFFICERS

S. SIMKIN, President & Chairman of the Board
J. L. BODIE, Vice-President
B. A. MONKMAN, Vice-President
A. L. SIMKIN, Vice-President
I. SIMKIN, Vice-President
D. D. TALLMAN, Vice-President
K. C. KINSLEY, Treasurer
T. R. DENTON, Secretary

GENERAL COUNSEL

CANTOR, SIMKIN, CANTOR & GOLTSMAN, Winnipeg, Manitoba

AUDITORS

ERNST & ERNST

REGISTRARS AND TRANSFER AGENTS

MONTREAL TRUST COMPANY
Calgary, Alberta — Winnipeg, Manitoba — Toronto, Ontario
THE BANK OF NEW YORK — New York, N.Y.

LISTINGS

AMERICAN STOCK EXCHANGE
TORONTO STOCK EXCHANGE

MANAGEMENT COMMITTEE

J. L. BODIE — Vice-President of BACM INDUSTRIES LIMITED

J. J. DENHOLM — Vice-President of B-A Construction Ltd. and Standard-General Construction (International) Limited; Manager of Finance, Construction Operations.

T. R. DENTON — Secretary of BACM INDUSTRIES LIMITED and Vice-President of B.A.C.M. Limited; Secretary of BACM group of companies.

A. W. FALK — President and General Manager of Con-Force Limited.

C. L. GOLDIN — Vice-President of B.A.C.M. Limited and Manager of Corporate Purchasing Services for BACM group of companies.

J. V. HAYWARD — President and Managing Director of Engineered Homes (Great Britain) Limited.

J. L. HOLMAN — Vice-President and General Manager of Consolidated Concrete Limited.

K. C. KINSLEY — Treasurer of BACM INDUSTRIES LIMITED and Vice-President of B.A.C.M. Limited; Chief Financial Officer of BACM group of companies.

V. S. G. LEWIS — Vice-President of B.A.C.M. Limited and General Manager of Land & Property Development Division.

B. A. MONKMAN — Vice-President of BACM INDUSTRIES LIMITED and President of Consolidated Concrete Limited; General Manager of Building Supply Operations.

R. I. MORTON — Manager of Corporate Public Relations & Advertising for BACM group of companies.

R. A. ORR — President and General Manager of Engineered Buildings Limited and Engineered Homes Limited.

E. ROSENBLAT — Vice-President of B.A.C.M. Limited and General Manager of Manitoba Building Supply Divisions.

A. L. SIMKIN — Vice-President and General Counsel of BACM INDUSTRIES LIMITED; Chairman of the Board of Engineered group of companies.

I. SIMKIN — Vice-President of BACM INDUSTRIES LIMITED and President of B-A Construction Ltd. and Standard-General Construction (International) Limited; General Manager of Construction Operations.

J. SIMKIN — Vice-President of B-A Construction Ltd. and General Manager of Equipment Division.

S. SIMKIN — President and Chairman of the Board of BACM INDUSTRIES LIMITED, President of B.A.C.M. Limited and Chief Executive Officer of BACM group of companies.

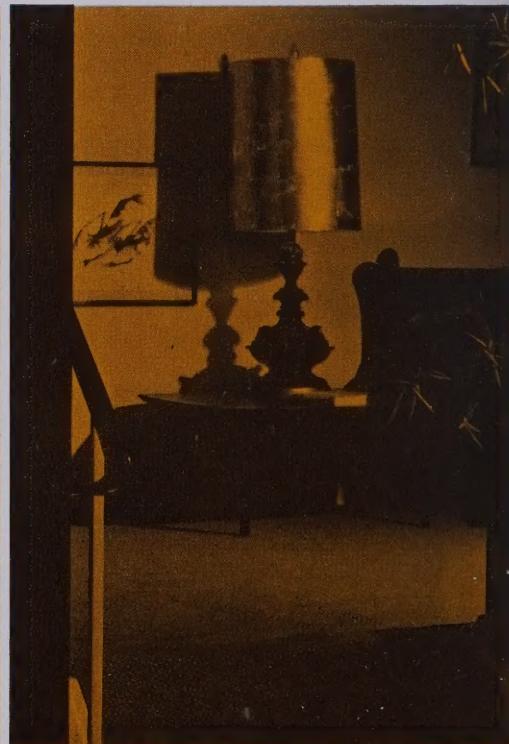
A. J. SMITH — Vice-President of B.A.C.M. Limited and General Manager of Gypsum Products Division.

L. E. SMITH — Vice-President of Standard-General Construction (International) Limited and B-A Construction Ltd.; General Manager of Western Construction Division.

I. SPECTOR — Vice-President of B.A.C.M. Limited and Manager of Manufacturing & Engineering Services for BACM group of companies.

D. D. TALLMAN — Vice-President, Special Projects, of BACM INDUSTRIES LIMITED.

The Company produces a wide variety of precast concrete blocks (top left); housing for modern Canada (top right); and super highways for commerce and people on the go.



DIRECTORS' REPORT TO THE SHAREHOLDERS

BACM INDUSTRIES LIMITED

The Directors are pleased to submit their eighth annual report of the consolidated operations of your Company.

Your Company has changed the ending of its financial year from February 28 as it has been in the past, to December 31, to accord with the common practice of industrial companies and to bring to the shareholders the results of the preceding year's operations at an earlier calendar date. As a consequence, this report presents the results of operations during the ten month financial "year" from March 1, 1968 to December 31, 1968. A further consequence of this change is that the annual meeting of shareholders will be held in May rather than in the late spring or early summer as has been the custom.

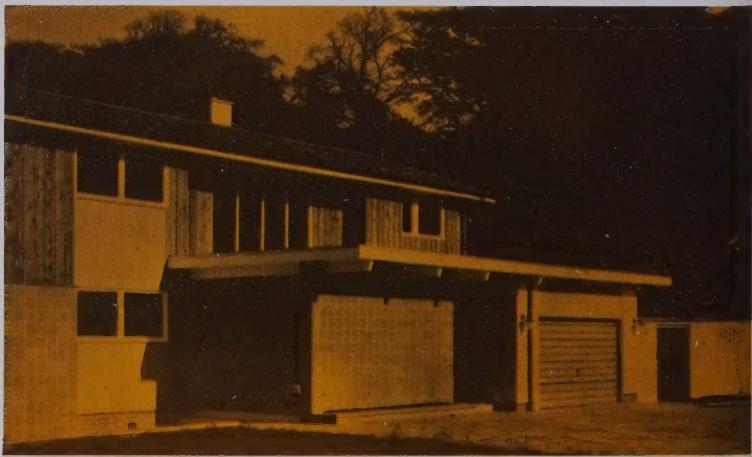
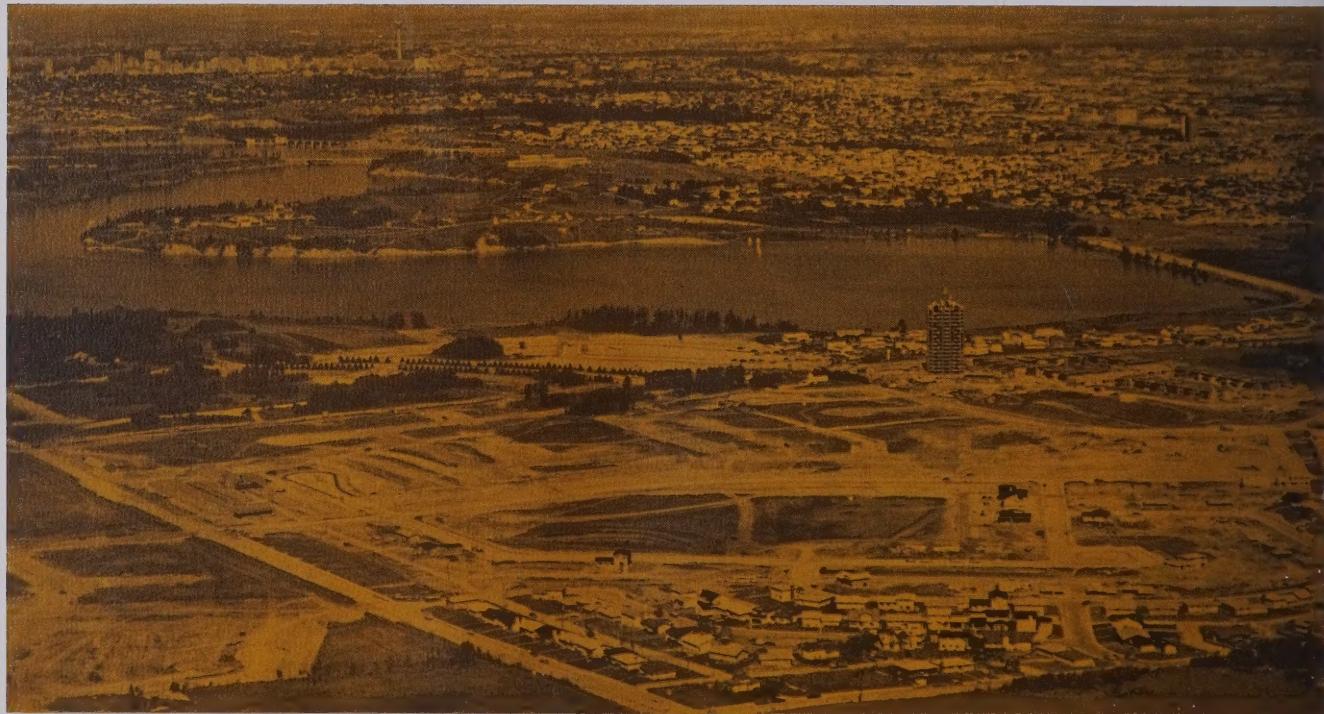
Consolidated operating revenues and net income continued to rise for the fifth consecutive year to new record levels for your Company. Operating revenue for the ten month period was \$70,428,736., an increase of 14.3% over the previous twelve month period. After allowing \$2,896,551 for depreciation and depletion and providing \$2,785,000 for income taxes, net income rose to \$2,710,571., an increase of 54.3% over the net income for the longer financial period of the preceding year. Earnings per share amounted to \$1.91 compared with the preceding year, when earnings per share were \$1.61. Again as in recent years no dividends were paid in order that funds might be conserved to facilitate our expansion policy. Detailed comparative financial information is presented elsewhere in this report.

The year's increased sales reflected the contribution of the enterprises acquired with effect from July 1, 1968. Consolidated Concrete Limited and Standard-General Construction (International) Limited represent an important expansion of your Company's business in the vibrant market areas of Alberta and British Columbia, and make probable an increase in operating revenue to more than \$100,000,000. during the current financial year, presuming the present reasonably favourable economic outlook for 1969 is realized.

Continuing its policy of expansion in related or similar fields which can be integrated with present operations, your Company has entered into an agreement to purchase all of the outstanding shares of Con-Force Products Ltd. and associated companies for \$4,600,000., subject to closing adjustments, payable as to \$2,433,666 in cash, and the balance in equal installments over five years. Con-Force manufactures precast and prestressed structural and architectural concrete products, concrete block and pipe for the Alberta and southern Saskatchewan markets. The new business will complement the present Preco Division operations in Manitoba and northern Saskatchewan. Creation of a major division for the manufacture of concrete products will be accomplished with the intended merger of the Con-Force and Preco capability. Your Company will be able to provide a complete line of precast and prestressed concrete products from five plants, one in each of the principal urban centres of the Prairie Provinces.

Major areas of operation are described in the following pages.

The Company's land development program is typified by the new residential environment created in Calgary (top); every 89 minutes of every working day a Canadian purchases an Engineered Home. Shown below are bungalows for young marrieds (left) and spacious two storey homes for larger families.



HOUSING AND LAND DEVELOPMENT

During the ten month financial period under review, the Calgary factory produced 973 single family "Engineered Homes", ranging in size from 960 square feet to 2300 square feet, in attractive styles incorporating the latest building techniques and design features. Of these, 799 were erected on site by your Company, while the balance was erected by associated builders. In addition, we erected 36 single family homes entirely on site for the Vancouver market. The Calgary factory's ten month production also included 30 duplex units (22 of which were erected by the Company), 158 apartment units, 43 motel units and 19 commercial units, including the unique "dome" building. During January and February, 1969, production at Calgary continued to average nearly 100 homes per month.

Your Directors are pleased that your Company is one of the largest housebuilders in the nation, notwithstanding that our housebuilding activities are confined to the western geographic regions of Canada. The recent report of the Canadian Government's Hellyer Commission on housing revealed that there were only ten housebuilders in Canada who average as many as 200 single family homes each year. The Commission emphasized the importance of larger companies in the housebuilding industry. To ensure sufficient capital, to be able to plan rationally, to undertake research and development and to have the specialists necessary to produce variety and excellence in design and style, larger companies are needed. We will continue to do our utmost to discharge our responsibility as a leader in the housing field.

In Wales, ten month house production was 300 units. This substantial reduction from the previous year's volume reflects the extremely difficult economic and trading conditions existing in the United Kingdom at this time. It is encouraging however, that through increased operating efficiency, the profitability of this operation was maintained at the previous year's level. Your Company has continued to gain wider recognition for its high quality government social housing at economic prices. Activity is being extended in the private sector and any improvement in the British economy will rapidly result in increases of our sales of privately owned homes to the British public. The Company's sales organization for the private sector now covers all the British Isles.

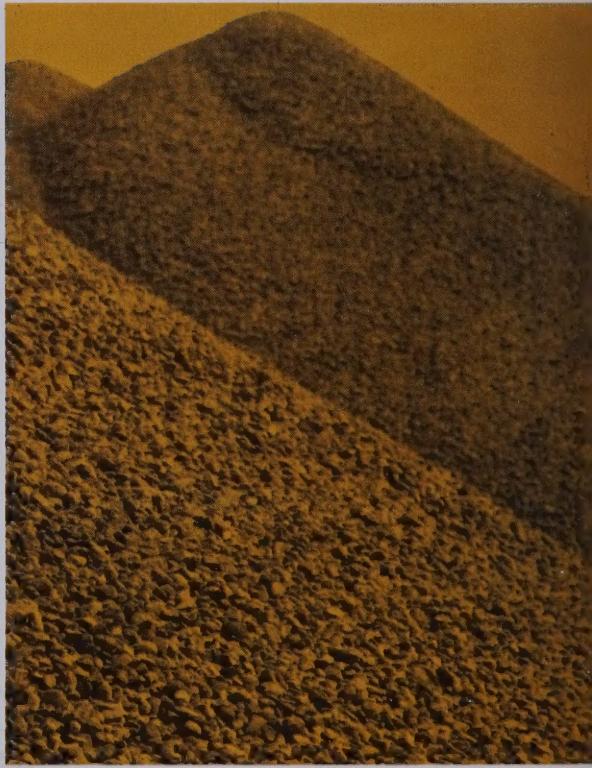
The manufacture of mobile homes and industrial trailers is a field which is experiencing substantial growth. We have recently acquired in Calgary a large and modern mobile homes manufacturing plant, fully equipped. Its production will supplement our existing housing services and enable us to provide these units to developing industrial areas, particularly in the Canadian North. The manufacturing, design and marketing experience of "Engineered Homes" is assisting in the establishment of this mobile homes division.

The Land and Property Development Division maintained through 1968 the impetus developed the previous year and the volume of business and profits achieved a record level. The sale of a 40 acre regional shopping centre site in Winnipeg was concluded during the year. In the shorter ten month period, 962 single family lots were sold, which compares favourably with 1003 sold in the previous twelve month financial period.

Your Company is a leader in Western Canada in the field of land and property development and has maintained this position over many years. We have a substantial land inventory, and it continues to be the policy to reinforce our position in these urban centres with land acquired in larger parcels capable of being developed, through the integrated operations of the Company, into complete residential communities with lots priced to appeal to the broadest possible range of purchasers.

Several subdivisions are currently under development, the most recently announced being The Maples of Old Kildonan in metropolitan Winnipeg. This will become, over a period of years, a totally serviced and carefully planned residential community of 25 to 30 thousand people. Its 8000 dwelling units will provide a balance of single family dwellings, garden apartments, town housing and high-rise accommodation. In this model "town" will be many community facilities and commercial services, including the 40 acre shopping centre referred to above.

The Company's Building Supply and Manufacturing Operations utilize aggregate resources from its 15 pits and quarries where they are screened, washed and classified (top & bottom right); the Company produces concrete sewer pipe up to 108" in diameter (top left); precast architectural concrete panels often feature exposed aggregates (lower left); TRUROC gypsum wallboard (middle) is produced in Saskatoon and used extensively by builders in Western Canada.



BUILDING SUPPLIES AND MANUFACTURING

Sales and earnings of your Company's building supply and manufacturing operations increased substantially during 1968, largely due to entry into the Alberta market area through the acquisition of Consolidated Concrete Limited with effect from July 1, 1968. Twenty plants now produce concrete products in 9 urban centres.

In Manitoba, while consumption of asphalt declined due to the unusually wet summer season, there was nevertheless a modest improvement in total sales volume. In Alberta, while sale of concrete block declined, sales of concrete products generally showed a normal increase. Product sales improved in Calgary, Edmonton and Lethbridge but reflected the very low construction volumes in Red Deer and Grand Prairie.

During the year your Company built a completely modern and efficient aggregate plant on its own gravel deposits at Villeneuve, Alberta. These deposits, containing many millions of yards of material, are 17 miles from Edmonton and the closest known major deposits to the metropolitan area. The plant is capable of handling the needs of the Company for many years, as well as being able to offer high quality aggregate for sale to other users in the Edmonton area. Your Directors continue to emphasize the importance of adequate and convenient gravel deposits for the use of the concrete building supplies operations, and we now have resources supporting these operations at all principal points.

Sales and profits in the manufacture of precast and prestressed structural and architectural concrete products in Winnipeg and Saskatoon during the ten month financial period under review increased satisfactorily over the preceding financial period. There is an evident increase in the use of architectural concrete products, particularly in the exterior cladding of commercial and institutional structures. Gratifying acceptance of prestressed concrete floor and roof slab systems was demonstrated during 1968. The increasing popularity of this "core-floor" may necessitate an expansion of facilities in Winnipeg. The increasing use of precast and prestressed concrete products throughout Western Canada is apparent, and your Company with the acquisition of Con-Force Products Ltd. referred to earlier, will be one of the largest manufacturers of these products in Canada and in the forefront of this important new development.

Our "TRUROC" gypsum wallboard plant in Saskatoon is now firmly established as an important supplier of both conventional and fire-resistant board in the Prairie region. Sales and earnings were at satisfactory levels and acceptance by users has been gratifying.

The Company's Heavy Construction Operations include contracts for hydro electric powerhouse construction (top left) — rock crushing and earth moving (top right) — and construction of urban traffic interchanges and super highways.



HEAVY CONSTRUCTION

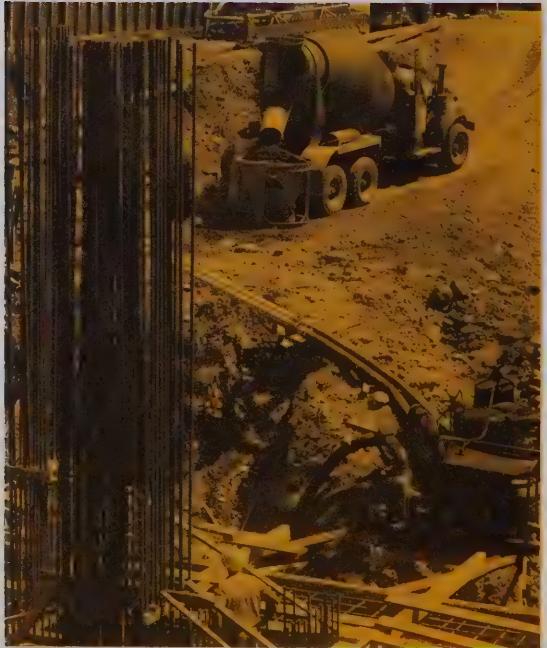
Heavy construction sales volume increased substantially in the ten month financial period under review due to the acquisition of Standard-General Construction (International) Limited in July, and profits were realized. Your Directors do not, however, consider that volume for Standard-General or for your Company's other construction operations, was high, and the Company retains the capacity to operate at an increased level of volume. During the summer of 1968 the construction industry in the Prairie region was hampered by very wet weather, with some areas reporting the heaviest rainfall in almost a century. In the face of adverse factors, your Directors take considerable satisfaction from the sales volume and the profitability which were nevertheless achieved. The present outlook for 1969 appears to indicate an improvement in the volume of heavy construction available for tender, but the industry continues to be extremely competitive.

Heavy construction operations encompass varied types of activities with a wide geographical spread. Airport construction at six locations from Inuvik in the Mackenzie River Delta on the Arctic Ocean to the International terminals at Vancouver and Winnipeg continued to emphasize the degree of specialization which your Company has achieved in this work. Projects for the development of electric power continue to be a major factor in Canada's resource development programs, and we are involved in several of these programs from the Peace River in British Columbia to the Nelson River in Manitoba; this work includes excavation and earth moving, power houses, concrete control structures and transmission line work. At Lynn Lake in northern Manitoba we are continuing with mine stripping and ore production for a nickel operation there.

Highways and streets, expressways and sidewalks, sewer and water systems, all continue to form an important part of the heavy construction activities of your Company in the urban and suburban centres of western Canada. Total residential subdivision development is a service which can now be offered, and the capacity of the construction forces complements the land assembly programs of the Company to provide completely serviced communities wherein our "Engineered Homes" can be erected.

The commercial and institutional construction operations of your Company which were located in Alberta, were sold with effect from December 31, 1968. This division has not been a material contributor to the profits of the company.

The above average population growth in the Company's primary market area indicates a continued strong demand for a wide variety of products such as serviced residential land for housing and better living, and ready mix concrete for commercial building and heavy construction.



The past year has witnessed the rapid and material expansion of your Company. The position which we now occupy within our market area affords a vantage point from which additional opportunities can be seen.

Your Directors look forward with optimism, continuing to be fully committed to the concept of integration of operations. Your Directors believe that the present strength of the Company lies as much in the manner in which the various segments of the Company's operations complement each other, as it does in the high calibre of its personnel in this labour-intensive industry, and in its financial and natural resources. We believe that sound growth in the future is best assured by expansion in areas which are related to and which augment existing operations.

We express our appreciation for the services of those Directors who retired during the year, and to our employees, including the many new employees who joined us in recent months, we again express our sincere thanks for continuing co-operation.



On behalf of the Board,

S. SIMKIN, President and Chief Executive Officer

1500 Plessis Road, Winnipeg 25, Manitoba, Canada.



CONSOLIDATED BALANCE SHEET

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

FOR THE TEN MONTH PERIOD ENDED DECEMBER 31, 1968

ASSETS

CURRENT ASSETS

Cash and term deposits	\$ 803,788
Government securities at cost (market value—\$986,225)	1,255,551
Accounts receivable, less allowance of \$327,798	18,319,656
Inventories, generally on the basis of the lower of first-in, first-out cost or market	16,671,027
Equity in joint-venture construction contracts	713,239
Prepaid expenses and other accounts	723,538
TOTAL CURRENT ASSETS	\$38,486,799

OTHER ASSETS

PROPERTY, PLANT AND EQUIPMENT

On the basis of cost:		5,544,027
Land and gravel deposits	\$ 4,390,127	
Buildings	6,309,242	
Machinery and equipment	42,451,281	
Less allowances for depletion and depreciation	\$53,150,650 24,866,643	28,284,007

DEFERRED CHARGES

Unamortized discount and expense on long-term debt	199,759
	\$72,514,592

*See accompanying notes which are part of the
consolidated financial statement.*

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Bank advances	\$ 9,407,560
Accounts payable	5,421,962
Accrued expenses	2,478,269
Income taxes:	
On income declared	\$ 2,555,185
On income related to realization of contract holdbacks receivable	1,182,221
	3,737,406
Mortgages on land held for development and sale	996,013
Installments of long-term debt	2,272,571
	TOTAL CURRENT LIABILITIES
	\$24,313,781

LONG-TERM DEBT

DEFERRED INCOME TAXES	15,571,564
PREFERRED SHARES OF SUBSIDIARIES	5,888,565

SHAREHOLDERS' EQUITY

Capital stock, \$5 par value:	
Authorized 2,000,000 shares	
Issued 1,634,172 shares	\$ 8,170,860
Contributed surplus	4,747,830
Retained earnings	11,320,892
	24,239,582
	\$72,514,592

Approved on behalf of the board:

S. SIMKIN, *Director*
A. L. SIMKIN, *Director*

STATEMENT OF CONSOLIDATED INCOME AND RETAINED EARNINGS

STATEMENT OF CONSOLIDATED CONTRIBUTED SURPLUS

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

For the ten month period ended December 31, 1968

STATEMENT OF CONSOLIDATED INCOME AND RETAINED EARNINGS

Income:		
Net sales		\$69,707,377
Other		721,358
		<hr/>
		\$70,428,735
Costs and expenses:		
Cost of sales excluding depletion and depreciation set forth below		\$54,527,301
Selling, administrative and general		6,194,001
Depletion		73,167
Depreciation		2,823,384
Interest (including \$854,864 interest and amortization of long-term debt)		1,287,785
Provision for dividends on preferred shares of subsidiaries		27,526
		<hr/>
		64,933,164
	INCOME BEFORE INCOME TAXES	\$ 5,495,571
Provision for income taxes:		
Current		\$ 3,435,060
Deferred		(650,060)
		<hr/>
		2,785,000
	NET INCOME	\$ 2,710,571
		8,610,321
Retained earnings at March 1, 1968		<hr/>
	RETAINED EARNINGS AT DECEMBER 31, 1968	\$11,320,892
		<hr/>

STATEMENT OF CONSOLIDATED CONTRIBUTED SURPLUS

Balance at March 1, 1968	\$1,009,919
Add consideration received in excess of par value of shares issued	3,965,269
	<hr/>
Deduct expenses in connection with issues of shares	\$4,975,188
	<hr/>
	227,358
	<hr/>
BALANCE AT DECEMBER 31, 1968	\$4,747,830
	<hr/>

*See accompanying notes which are part of the
consolidated financial statement.*

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

For the ten month period ended December 31, 1968

NOTE A — PRINCIPLES OF CONSOLIDATION

The consolidated financial statement includes the assets, liabilities, income and expenses of BACM INDUSTRIES LIMITED and all its subsidiaries and makes provision for minority interests represented in preferred shares of two of the subsidiaries—see Note F. Inter-company investments, accounts and transactions have been eliminated and, in the case of subsidiaries acquired during the period, only operations since July 1, 1968, the date of acquisition, have been included.

Amounts for the preceding year have not been presented because they represented a period of twelve months ended February 29, 1968, whereas this financial statement is for a period of ten months ended December 31, 1968, and includes six months' operations of the subsidiaries acquired during the period. The earlier closing date corresponds with the financial year of Sogemines Limited (now called Genstar) which owns a majority of the issued shares.

NOTE B — ASSETS SUBJECT TO LIEN

Bank advances are secured by a general assignment of book debts and pledges of inventories and certain lands held for development and sale. Other lands held for development and sale are subject to mortgages, included in current liabilities, or pledged as partial security for the 6 1/4 % Note Payable—see Note D. In addition, certain revenue properties included in other assets and certain items of property, plant and equipment are subject to mortgages or title-retention provisions of equipment-purchase contracts.

The assets of the Company are subject to floating charges included in the agreements relating to the 6% Sinking Fund Debentures and the 6 1/4 % Note Payable and agreements relating to other bonds and debentures in long-term debt.

NOTE C — OTHER ASSETS

	Current Maturities of Receivables	Gross Carrying Amount
Notes receivable in annual installments	\$248,990	\$1,179,621
Revenue properties at cost less depreciation of \$386,037	- 0 -	1,697,083
Cash surrender value of life insurance	- 0 -	696,416
Special refundable tax	98,149	253,664
Investment in and advances to affiliates	- 0 -	1,650,514
Other accounts	34,620	448,488
	<hr/> \$381,759	<hr/> \$5,925,786
Less amounts included in current assets		381,759
		<hr/> \$5,544,027

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

For the ten month period ended December 31, 1968

NOTE D — LONG-TERM DEBT

	Current Maturities	/ Principal Outstanding
6% Sinking Fund Debentures due August 1, 1981: Payments of \$100,000 U.S., increasing to \$225,000 U.S. dependent on earnings, are due annually on March 31st. Repurchased debentures on hand and deposited with the Trustee will satisfy sinking fund requirements to March 31, 1969. Outstanding \$1,862,000 U.S. less \$6,500 U.S. on hand	\$ - 0 -	\$ 1,911,344
6 1/4 % Note due March 1, 1979: Mandatory payments of \$300,000 U.S. and supplemental repayments based on sales of land held for development and sale are due annually on March 1st. Outstanding \$3,129,416 U.S.	482,100	3,378,792
6 1/2 % Mortgage repayable in thirty semi-annual installments commencing March 1, 1970	- 0 -	3,126,000
6% Mortgage Sinking Fund Bonds, Series A, due November 1, 1983: Payments due 1969 — \$50,000; 1970 to 1983 — \$175,000	50,000	2,500,000
7% First Mortgage Sinking Fund Bonds, Series C, due September 30, 1986	70,000	1,260,000
5 3/4 % Serial debentures due May 1, 1975	125,000	875,000
Other notes with interest from 0% to 7% repayable in annual installments	1,383,525	3,750,102
Other mortgages with interest from 5 1/2 % to 7 3/4 % repayable in monthly installments	161,946	1,042,897
Less amounts included in current liabilities	\$2,272,571	\$17,844,135
		2,272,571
		\$15,571,564

The Indenture and First Supplemental Indenture dated August 1, 1961, relating to the 6% Sinking Fund Debentures require maintenance of consolidated net current assets in excess of \$750,000 and restrict the payment of cash dividends. The agreement relating to the 6 1/4 % Note Payable requires maintenance of consolidated net current assets in excess of \$5,500,000, restricts repurchases of the 6% Sinking Fund Debentures exceeding those required under that indenture and restricts payment of cash dividends. Indentures relating to other items of long-term debt require maintenance of minimum working capital and tangible net worth and restrict payment of dividends by the subsidiaries. At December 31, 1968, consolidated retained earnings approximating \$4,212,839 are not subject to the more restrictive of these provisions.

NOTE E — INCOME TAXES

The laws of Canada and its Provinces do not recognize consolidated income as a basis for taxation and the provision stated represents the aggregate of income taxes provided by each of the companies in the consolidation.

In general, such provisions are based on reported income, but distinction has been made between income taxes currently payable and deferred income taxes. The former include taxes on income declared and taxes related to contract holdbacks currently receivable. Such taxes become payable as the holdbacks are received. The deferred income taxes are attributable to depreciation available for tax purposes and claimed in greater amount than depreciation recorded in the accounts. Taxes so deferred may become payable when the relative status of these factors is reversed as in the current period.

NOTES TO CONSOLIDATED FINANCIAL STATEMENT

BACM INDUSTRIES LIMITED AND SUBSIDIARIES

For the ten month period ended December 31, 1968

NOTE F — PREFERRED SHARES OF SUBSIDIARIES

Standard Holdings Limited — 5% non-cumulative, redeemable, par value \$100 — 14,000 shares	\$1,400,000
Consolidated Concrete Limited — 5% cumulative, redeemable, par value \$100 — 11,011 shares	1,101,100
	<u>\$2,501,100</u>

NOTE G — CAPITAL STOCK AND CONTRIBUTED SURPLUS

During the year 541,000 shares of capital stock were issued as follows:

(a) Proceeds of cash subscription for 175,000 shares	\$3,300,000
(b) Consideration for 365,000 shares issued, in addition to \$8,429,520 cash and other tangible considerations paid, for capital stocks of Standard Holdings Limited, Jefferies Developments Ltd. and Consolidated Concrete Limited on the basis of underlying net assets acquired	3,351,511
(c) Proceeds from exercise of options to purchase 1,000 shares for cash — see Note H	18,758
	<u>\$6,670,269</u>
Credited to capital stock of \$5 par value — 541,000 shares fully paid	2,705,000
Credited to contributed surplus	<u>\$3,965,269</u>

NOTE H — STOCK PURCHASE WARRANTS

During the period the holders of warrants purchased 1,000 unissued shares of capital stock for \$17.50 U.S. — see Note G. Warrants outstanding at December 31, 1968, entitle the holders to subscribe for 104,000 unissued shares of capital stock at \$17.50 U.S. each to September 30, 1969.

NOTE I — CONTINGENT LIABILITIES AND COMMITMENTS

Other than contingent liabilities and commitments arising in the performance of contracts entered into in the ordinary course of business, of which it is impractical to determine the amounts, the Company has guaranteed the bank loans of affiliated companies in respect of amounts up to \$1,005,000. The loans amounted to \$825,000 at December 31, 1968.

NOTE J — PENSION AND RETIREMENT PLAN

In addition to statutory requirements of the Canada Pension Plan, the Company's contributions for the period to provide retirement benefits for employees amounted to \$65,844. There are no unfunded past service costs.

NOTE K — REMUNERATION OF DIRECTORS

Total remuneration of directors of the Company and its subsidiaries at December 31, 1968, comprising salaries and pension benefits, amounted to \$168,363 for the period of ten months then ended.

AUDITORS' REPORT

To the Shareholders,
BACM INDUSTRIES LIMITED

We have examined the consolidated financial statement of BACM INDUSTRIES LIMITED and subsidiaries for the period of ten months ended December 31, 1968. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying balance sheet and statements of contributed surplus and income and retained earnings present fairly the consolidated financial position of BACM INDUSTRIES LIMITED and subsidiaries at December 31, 1968, and the consolidated results of their operations for the period of ten months then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Winnipeg, Manitoba

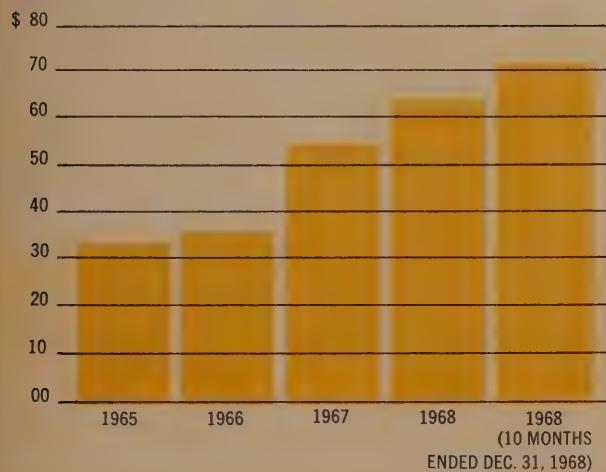
January 27, 1969

Dent & Dent
Chartered Accountants

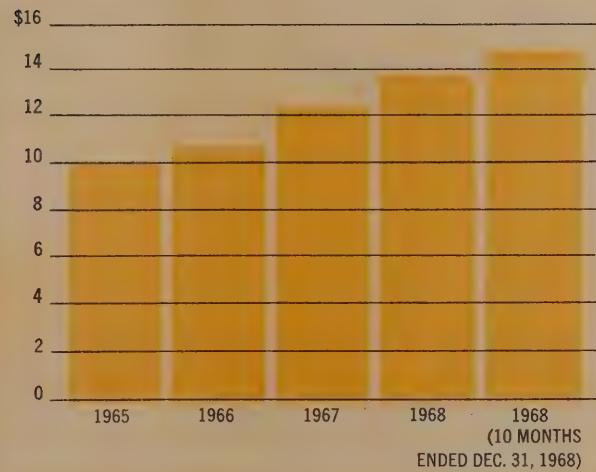
GROWTH AT A GLANCE

TOTAL OPERATING REVENUES

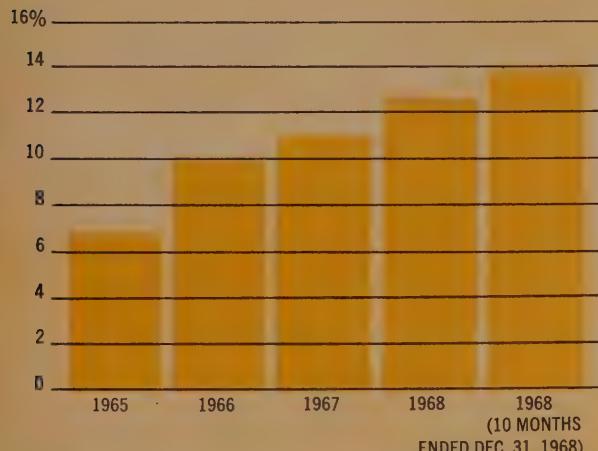
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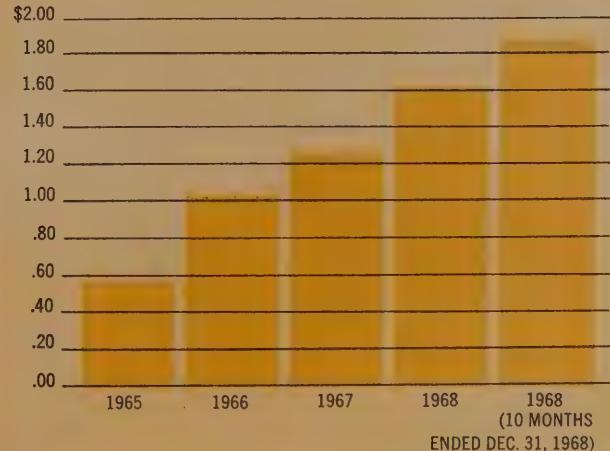
BOOK VALUE PER SHARE



PERCENT RETURN ON SHAREHOLDERS' EQUITY



NET INCOME PER SHARE



FIVE YEAR FINANCIAL SUMMARY

Ten Month Financial Period
Ended Dec. 31, 1968

OPERATING RESULTS:	Net Sales	\$69,708
	Other Income	721
	Total Operating Revenues	70,429
	Cost of Sales	54,527
	Selling, Administrative and General	6,221
	Depletion and Depreciation	2,897
	Interest	1,288
	Total Operating Expenses	64,933
	Income Before Income Taxes	5,496
	Income Taxes—Current	3,435
	—Deferred	(650)
	Net Income	2,711

FINANCIAL POSITION:	Current Assets	38,487
	Current Liabilities	24,314
	Working Capital	14,173
	Property, Plant & Equipment, Net	28,284
	Long-Term Debt	15,572
	Deferred Income Taxes	5,889
	Shareholders' Equity	24,240
	Preferred Shares of Subsidiaries	2,501

OTHER INFORMATION:	Return on Shareholders' Equity	13.8%
	Net Income Per Share	1.91
	Return on Net Sales	3.9%
	Book Value Per Share	14.83
	Deferred Income Taxes Per Share	3.60
	Number of Shares Outstanding	1,634,172
	Number of Registered Shareholders	1,374

Twelve Month Financial Periods Ended February 28 or 29

1968	1967	1966	1965
\$61,153	\$52,747	\$34,095	\$32,150
482	920	415	605
61,635	53,667	34,510	32,755
50,173	43,901	28,162	27,723
4,671	4,227	1,997	1,765
1,867	1,689	1,446	1,377
1,399	1,168	816	697
58,110	50,985	32,421	31,562
3,525	2,682	2,089	1,193
1,224	509	854	312
545	816	197	300
1,756	1,357	1,038	581
—	—	—	—
27,273	27,273	19,649	17,164
17,478	19,505	11,966	9,755
9,795	7,768	7,683	7,409
14,648	13,644	9,787	9,522
9,977	10,415	7,152	7,592
3,193	2,648	1,616	1,420
15,086	13,330	10,936	10,170
—	—	—	—
12.4%	11.2%	9.8%	6.6%
1.61	1.24	1.01	0.57
2.9%	2.6%	3.0%	1.8%
13.80	12.20	10.68	9.93
2.92	2.42	1.58	1.39
1,093,172	1,093,172	1,024,212	1,024,212
1,466	1,458	1,534	1,658

(*PER SHARE AMOUNTS IN DOLLARS — OTHER DOLLAR AMOUNTS IN THOUSANDS*)



BACM BUSINESS ACTIVITIES & OPERATING COMPANIES

■ HOUSING & LAND DEVELOPMENT OPERATIONS

B.A.C.M. LIMITED LAND & PROPERTY DEVELOPMENT DIVISION

ENGINEERED BUILDINGS LIMITED ("ENGINEERED HOMES")

ENGINEERED HOMES (GREAT BRITAIN) LIMITED

★ CONSTRUCTION OPERATIONS

B-A CONSTRUCTION LTD.

STANDARD-GENERAL CONSTRUCTION (INTERNATIONAL) LIMITED

▲ BUILDING SUPPLY OPERATIONS

BUILDING PRODUCTS & CONCRETE SUPPLY

CONSOLIDATED CONCRETE LIMITED

PROVINCIAL CONCRETE & BUILDERS SUPPLY

PORTAGE CONCRETE

TALLCRETE

WESTERN CONCRETE

● MANUFACTURING OPERATIONS

"TRUROC" GYPSUM WALLBOARD

"PRECO" PRECAST CONCRETE PRODUCTS

The photographs shown on the front and back covers depict the Company's integrated business activities: (viewed clockwise from top left back cover) • Precast Concrete Manufacturing & Erection • Heavy Construction • Home Building • Equipment Servicing • Aggregate Resources • Building Supplies • Gypsum Wallboard Manufacturing • Land Development for new communities — the photograph of the postage stamp was issued by the Government of Ceylon in 1968 to commemorate the official opening of the Katunayake Air Terminal and jet age runway near Colombo, a BACM project.

